



House of Representatives

General Assembly

File No. 412

February Session, 2004

Substitute House Bill No. 5544

House of Representatives, April 1, 2004

The Committee on Government Administration and Elections reported through REP. O'ROURKE of the 32nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE UNIVERSITY OF CONNECTICUT HEALTH CENTER FINANCE CORPORATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-254 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 Notwithstanding any other provision of the general statutes, to
4 accomplish the purposes of sections 10a-250 to 10a-263, inclusive, the
5 corporation have the power to:

6 (1) Adopt, alter, amend or repeal bylaws or rules or regulations and
7 establish policies and procedures for the conduct of its business. In
8 carrying out the provisions of this subdivision the corporation shall
9 not be subject to chapter 54;

10 (2) Maintain at no expense to the corporation an office and related
11 support facilities at The University of Connecticut Health Center,

12 which shall provide such space and facilities;

13 (3) Sue and be sued in its own name and plead and be impleaded.
14 Service of process in any action shall be made by service upon the
15 executive director of the corporation either in hand or by leaving a
16 copy of the process at the office of the corporation with some person
17 having charge of such office. Nothing in this subdivision shall be
18 construed to permit an attachment or garnishment against any of the
19 funds or assets of the corporation prior to final judgment;

20 (4) Adopt an official seal and alter the same at pleasure;

21 (5) Purchase, receive by gift or otherwise, lease, sublease, exchange
22 or otherwise acquire, and construct, reconstruct, improve, maintain,
23 equip and furnish one or more hospital facilities and dispose of such
24 facilities by sale, lease, or sublease, provided that any sale or disposal
25 of land or the structures thereon shall be subject to the approval of the
26 Board of Trustees of The University of Connecticut and the State
27 Properties Review Board, as established in section 4b-3, as amended;

28 (6) Make and enter into contracts, leases, joint ventures, shared
29 service agreements, and all other agreements and instruments which
30 may be necessary or incidental to the exercise of its powers and the
31 fulfillment of its corporate purposes, provided such contracts, leases,
32 joint ventures and shared service agreements shall be subject to review
33 and approval by the Auditors of Public Accounts;

34 (7) Employ or retain accountants, attorneys and architectural,
35 engineering, financial and other consultants on a project basis, and fix
36 their compensation, and such other employees and agents as the
37 corporation shall deem necessary or desirable to assist it in carrying
38 out the purposes of sections 10a-250 to 10a-263, inclusive, provided
39 that any employee of the corporation, other than employees retained
40 on a project basis, shall be deemed to be an employee of the state for
41 purposes of the general statutes including, but not limited to, chapters
42 66 to 68, inclusive, and shall be assigned to the appropriate existing
43 collective bargaining unit and classification of the hospital or The

44 University of Connecticut Health Center, as applicable, except as
45 provided in subsection (c) of section 10a-253, as amended;

46 (8) Accept gifts, grants or loans of funds, property or services from
47 any source, public or private including, but not limited to, the hospital,
48 for the accomplishment of the corporation's purposes, and comply,
49 subject to the provisions of sections 10a-250 to 10a-263, inclusive, with
50 the terms and conditions of such gifts, grants or loans. The hospital
51 may, upon approval by the Board of Trustees of The University of
52 Connecticut, give, grant or loan funds, property or services to the
53 corporation for corporate purposes. Notwithstanding the provisions of
54 this subdivision, no employee, director or agent of the corporation
55 shall receive any gift or gratuity from any entity that has or seeks a
56 contract with the corporation or any of its subsidiaries;

57 (9) Establish and manage segregated accounts to effectuate the
58 corporation's purposes;

59 (10) Procure insurance, or obtain indemnification, against any loss
60 in connection with the assets of the corporation or the hospital or any
61 liability in connection with the activities of the corporation or the
62 hospital, the hospital's officers, agents, employees, physicians with
63 hospital privileges and persons otherwise carrying out the purposes of
64 the hospital;

65 (11) Invest any funds not needed for immediate use or
66 disbursement, in accordance with the provisions of sections 10a-250 to
67 10a-263, inclusive;

68 (12) Indemnify and be indemnified;

69 (13) (A) Exercise and perform all or part of its purposes, powers,
70 duties, functions or activities through one or more wholly-owned
71 subsidiary corporations subject to limitations provided in this
72 subdivision. The board of directors of the corporation by resolution
73 may direct any of the directors, officers or employees of the
74 corporation to organize any such subsidiary corporation as a public

75 instrumentality by executing and filing with the Secretary of the State a
76 certificate of incorporation, which may be amended from time to time
77 by filing with the Secretary of the State, and which shall set forth the
78 name of such subsidiary corporation, its duration, the location of its
79 principal offices and any or all of the powers and purposes of such
80 corporation, provided that each subsidiary shall have a board of
81 directors and at least one-half of the members of each such board of
82 directors of each subsidiary shall be members of the board of directors
83 of the corporation or directors appointed by the Governor. (B) Each
84 such subsidiary corporation and any of its properties, functions and
85 activities shall have all of the privileges, immunities, tax exemptions
86 and other exemptions of the corporation and of the corporation's
87 properties, functions and activities, except that no such subsidiary
88 corporation shall form subsidiary corporations. Each such subsidiary
89 corporation shall be subject to suit in the manner in which the
90 corporation is subject to suit;

91 (14) Capitalize or make loans to any subsidiary of the corporation,
92 to effectuate the purposes of sections 10a-250 to 10a-263, inclusive, on
93 such terms and conditions as the corporation deems reasonable; and

94 (15) Do, or delegate, any and all things necessary or convenient to
95 carry out the purposes and to exercise the powers given and granted in
96 sections 10a-250 to 10a-263, inclusive, except that, in no event shall the
97 corporation or any subsidiary of the corporation have the power to
98 operate the hospital or to provide direct hospital services for patient
99 treatment or care at the hospital or at the site of The University of
100 Connecticut Health Center or to retain employees to exercise such
101 power.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

GAE *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
UConn Health Center	Various - Cost	See Below	See Below
Auditors	GF - Cost	Potential Minimal	Potential Minimal

Municipal Impact: None

Explanation

This bill requires that all contracts, leases, joint ventures, and shared service agreements undertaken by the University of Connecticut Health Center Finance Corporation be reviewed and approved by the Auditors of Public Accounts. Further, all sales or disposals of land or structures must be approved by the State Properties Review Board.

This loss of flexibility may lead to increased costs to the Health Center. A slower procurement process will require the Health Center to maintain a higher level of inventory, and may result in the loss of certain purchasing discounts. The Health Center currently maintains an inventory worth approximately \$4.3 million. It is not known what additional inventory the Health Center would seek to maintain. Maintaining a higher inventory of 10% would lead to an additional cost of \$430,000; 20% to an additional cost of \$860,000. The Health Center may also require an additional staff person to oversee the process of submitting information to the Auditors and the State Properties Review Board. The estimated cost of this position, with salary and fringes, is \$75,000 annually.

The Auditors of Public Accounts may incur minimal costs to review and approve all contracts, leases, joint ventures, and shared service agreements entered into by the UCHC Finance Corporation. The

extent of such potential costs is unknown, and depends upon the number of items and complexity of such items that require review.

OLR Bill Analysis

sHB 5544

***AN ACT CONCERNING THE UNIVERSITY OF CONNECTICUT
HEALTH CENTER FINANCE CORPORATION***

SUMMARY:

This bill removes some of the flexibility the Connecticut Health Center Finance Corporation has to acquire and dispose of hospital equipment and facilities and enter into joint ventures and shared agreements to provide medical and related services.

It requires the State Properties Review Board to review and approve the disposal, by sale or otherwise, of hospital facilities or the land on which these facilities sit. It requires the state auditors to review and approve contracts, leases, joint ventures, and shared service agreements.

The bill also prohibits the corporation's director, employees, and agents from accepting a gift or gratuity from any entity that has or wants to contract with the corporation or any of its subsidiaries.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 17 Nay 0